

## SCRUTINY OF THE ADMINISTRATION'S BUDGET PROPOSALS

### Invitation and Agenda to all Members

Cllr. Geoff Welsh (Chairman)  
Cllr. Lee Breckon (Vice-Chairman)  
Cllr. Sam Maxwell (Vice-Chairman)

Cllr. Shabbir Aslam  
Cllr. Shane Blackwell  
Cllr. Nick Brown  
Cllr. Cheryl Cashmore  
Cllr. Nick Chapman  
Cllr. David Clements  
Cllr. Adrian Clifford  
Cllr. Stuart Coar  
Cllr. Roy Denney

Cllr. Alex DeWinter  
Cllr. David Findlay  
Cllr. Janet Forey  
Cllr. Deanne Freer  
Cllr. Chris Frost  
Cllr. Nigel Grundy  
Cllr. Paul Hartshorn  
Cllr. Iain Hewson  
Cllr. Mark Jackson  
Cllr. Trevor Matthews  
Cllr. Christine Merrill

Cllr. Phil Moitt  
Cllr. Mat Mortel  
Cllr. Antony Moseley  
Cllr. Michael O'Hare  
Cllr. Louise Richardson  
Cllr. Tracey Shepherd  
Cllr. Kirsteen Thomson  
Cllr. Bev Welsh  
Cllr. Jane Wolfe

Dear Members,

A meeting of the **SCRUTINY OF THE ADMINISTRATION'S BUDGET PROPOSALS** will be held via Zoom on **WEDNESDAY, 20 JANUARY 2021** at **5.30 p.m.**

Yours faithfully



**Colin Jones**  
**Corporate Services Group Manager**



## **AGENDA**

2. Consider notes of the previous meeting (Pages 3 - 8)

Consider notes of the previous meeting held on the 13<sup>th</sup> January 2021

## SCRUTINY OF THE ADMINISTRATION'S BUDGET PROPOSALS

Minutes of a meeting held Via Zoom

WEDNESDAY, 13 JANUARY 2021

### **Present:-**

Cllr. Geoff Welsh (Chairman)  
Cllr. Lee Breckon (Vice Chairman)  
Cllr. Sam Maxwell (Vice Chairman)

Cllr. Shabbir Aslam	Cllr. David Findlay	Cllr. Phil Moitt
Cllr. Shane Blackwell	Cllr. Janet Forey	Cllr. Mat Mortel
Cllr. Nick Brown	Cllr. Deanne Freer	Cllr. Antony Moseley
Cllr. Cheryl Cashmore	Cllr. Chris Frost	Cllr. Michael O'Hare
Cllr. Nick Chapman	Cllr. Nigel Grundy	Cllr. Louise Richardson
Cllr. Adrian Clifford	Cllr. Paul Hartshorn	Cllr. Tracey Shepherd
Cllr. Stuart Coar	Cllr. Iain Hewson	Cllr. Kirsteen Thomson
Cllr. Roy Denney	Cllr. Mark Jackson	Cllr. Bev Welsh
	Cllr. Trevor Matthews	Cllr. Jane Wolfe
	Cllr. Christine Merrill	

### **Officers present:-**

Jane Toman	- Chief Executive
Sarah Pennelli	- Strategic Director - Section 151 Officer
John Richardson	- Strategic Director
Nick Brown	- Strategic Finance Manager
Katie Hollis	- Accountancy Services Manager
Louisa Horton	- Democratic Services, Scrutiny and Governance Manager
Sandeep Tiensa	- Senior Democratic Services Officer
Katie Saunders	- Democratic Services & Scrutiny Officer
Nicole Cramp	- Democratic & Scrutiny Services Officer

### **Also in attendance:-**

Cllr. Terry Richardson  
Cllr. Maggie Wright  
Cllr. David Freer  
Cllr. Sharon Coe  
Cllr. Les Phillimore  
Cllr. Ben Taylor

## 1. **BUDGET CONTEXT SETTING AND OVERVIEW**

The Chairman welcomed Members and Officers to the meeting and invited the Strategic Director (Section 151 Officer) to present her report.

Key Points:

### **Impact of the Settlement December 2020**

- Confirmation of settlement figures for 2021/22 which were expected to be, to some extent, based on the 2020/21 figures 'rolled forward'.
- Whether there were any changes to how the New Homes Bonus was to be distributed.
- Council Tax increase thresholds
- Information relating to additional funding streams related to the Covid-19 situation.

### **Total Budget requirement for the Authority 2021/22 is £13.8m**

The comparable Net Budget Requirement for 2020/21 that was approved in February 2020 was **£12.9m**.

### **Funding the Budget**

The impact of the pandemic has been substantial in 2020/21 with reduced income levels and additional expenditure alongside financial support from government through the award of Covid related grants, income loss support and rate relief flowing through the Business Rates.

This reflects:

- Redistributed NNDR has decreased by £217k compared to 2020/21 budget. In the MTFS presented to Council in February 2020, the Redistributed NNDR was forecast to be £5.71M in 2021/22. The revised forecast is £4.2M, a variance of £1.5M which is the major contributing factor to the budget gap detailed in this report.
- The fact that the Council no longer receives Revenue Support grant.
- New Homes Bonus (NHB) Grant has reduced by £1.09M. It was expected that NHB would be significantly reduced in 2021/22.
- Other non ring-fenced grants relate to S31 grants which compensate the Council for providing Business Rate Reliefs such as Small Business Rate

Relief and the one-off Expanded Retail Relief.

- Council Tax precept has increased by £15k. This is before any increase is applied, but reflects the increase in the tax base (increase in properties) in the district. It should be noted that the increase in the taxbase is lower due to reduced build rates in 2020/21 and the award of additional Council Tax Support discount.
- Council Tax and NNDR Deficits to be spread over a three year period as required.

### **Budget Gap**

The budget gap arising for the 2021/22 Financial Year is £1.071M.

### **Options open to the Council to meet the future funding gap**

#### Council Tax Increase

For 2021/22 the threshold for Council Tax increases for “core” Band D Council Tax has remained unchanged with local authorities able to increase their Council Tax by up to 2% (1.99%). An additional amount of **£114k** would be generated with a 1.99% increase which equates to an increase of £3.37 per annum, £171.68 for a Band D equivalent property.

District Councils may however raise Council Tax by **£5** without triggering a referendum. This is an option that Blaby may consider given it is larger (2.97%) than the 1.99% increase. This option would generate an additional **£170k**, £163.32 for a Band D equivalent property.

For Shire County Councils increases for ‘core’ Band D Council Tax has also been retained with an increase of up to 2% being allowed.

It is important to also note that within the Settlement those Authorities with responsibility for Adult Social Care, such as Leicestershire County Council, retain the additional flexibility to increase their current Council Tax referendum threshold by up to 3% on top of the core principle for an Adult Social Care precept.

The Leicestershire County Council proportion of the total Council Tax charge forms approx. 70% of the total charge (based on 2020/21).

Police and Crime Commissioners are able to increase their Council Tax precept by £15 and Fire & Rescue Authorities are limited to a referendum principle of 2%.

Should all preceptors decide to increase Council Tax at the maximum levels (with Parish Councils increasing by the average amount based on 2020/21) the total annual increase on a band D property would be approximately £90.

## General Budget Assumptions

- The establishment budget allows for an increase of 2% in establishment costs. This increase may be reduced but is subject to the Local Government Association agreeing to proposals that have been put forward for only the lower paid officers to receive a pay award in local government. Should a flat rate of a £250 increase for only those earning less than £24k be accepted the establishment costs would reduce by £207k.
- The budget proposals for 2021/22 take into account the cost of employers' national insurance and pension contributions, contractual increments, and the Apprenticeship Levy. (More detail relating to this point was included within the report "Establishment 2020/21 21/22" presented to Cabinet Executive on 9th November 2020).
- Planning appeals are not included within the budget requirement but expenditure will be funded from balances if it is necessary.
- Portfolio figures are shown before any recharges from department to department in order that the spending service is scrutinised rather than the method of apportionment across departments.

## Business Rates

Councillors will be aware that the mechanism for the distribution of business rates was expected to be changed in 2021/22 but has been delayed until 2022/23. This does not impact on 2021/22 financial year but will be a consideration for future years.

## New Homes Bonus

The Council has continued to generate New Homes Bonus (NHB) from the increase in houses built in the district. Since 2013/14 the New Homes Bonus has been used to underpin the budget requirement as government funding has reduced. In 2021/22 an amount of **£1.6m** is being utilised to fund services a reduction of £1.1m.

The future of NHB is very uncertain and poses a considerable future financial risk for the Council. There has been little mention of the future of NHB in the Fair Funding review discussions however, the government has suggested that it wishes to replace NHB with something more 'targeted'.

In 2021/22 NHB has been awarded for one year only. This means that the £64k awarded for this year will not be received for the three following years. This one off amount is significantly lower than previous years, given the impact Covid-19 has had on the build figures within the District.

## **Lower Tier Services Grant**

Members will have seen from the Funding Table that the council has received a lower Tier Services Grant of **£786k**.

## **COVID-19 Emergency Funding**

Allocations were released for tranche 5 of the COVID funding with £412k being allocated to Blaby for the ongoing costs associated with managing the COVID situation. This is a non ring-fenced grant and the allocation was based on a COVID relative needs formula

## **COVID-19 Sales, Fees and Charges Compensation**

It was announced in the Settlement Statement that the Sales Fees and Charges Compensation scheme would continue unaltered into the first quarter of 2021-22. In 2020/21 the Council expects to make a claim of **£547k** under this scheme. This is reduced to a reclaim of **£54k** in 2021/22. It should be noted however, that whilst income streams within the individual portfolios have been retained at normal levels an overall provision of **£458k** has been made to allow for the expected reduction in income that the Council believes may arise in 2021/22 as a result of COVID-19. This figure has contributed to the financial gap arising in 2021/22.

## **Local Council Tax Support Grant**

This is a new grant for 2021/22 and is expected to compensate authorities for the expected additional cost of Local Council Tax Support schemes in 2021/22. The methodology for how this grant may be distributed is being consulted on and it is anticipated that this will be distributed to both billing authorities and major preceptors. At this time this grant has not been included within the budget proposals until more detail has been received.

## **Tax Income Guarantee Scheme**

A scheme to fund 75% of irrecoverable losses in Council Tax and Business Rates was announced within the Settlement Statement. The guidance suggests that the scheme would guarantee the expected Council Tax income for 2020/21 at the time of budgeting regardless of whether the losses were incurred because of lower collection rates, increase in Local Council Tax Support costs or lower taxbase growth. Similarly Business Rate losses will be compensated for.

We are awaiting further detail of how this scheme will work, and payments under this scheme are not anticipated to be received until January 2022.

## **2. 2021-2022 DRAFT PORTFOLIO BUDGET PROPOSALS**

The Chairman thanked the Portfolio Holders for attending.

The Chairman opened discussion to develop lines of questioning for each Portfolio area relating to the 2021/22 draft Budget Proposals attached with the agenda as well as from information presented by the Strategic Director (Section 151 Officer).

Preliminary lines of questioning were identified for submission to Portfolio Holders prior to the next Scrutiny Budget meeting on Wednesday 20 January 2021 for their response.

The Chairman explained that any supplemental questions could still be submitted by Members before or at the next meeting.

## **3. DATE OF NEXT MEETING**

- 20 January 2021

**THE MEETING CONCLUDED AT 7.06 P.M.**